



**Press Information Bureau
Government of India**

National Education Policy 2020



Prime Minister's Office

**Prime Minister Narendra Modi launches platform for
“Transparent Taxation - Honouring the Honest”**

**Tax system aims to be Seamless, Painless,
Faceless : PM**

**Says the number of taxpayers is significantly low
with only 1.5 Crore paying taxes in a country of 130
Crore people**

**Prime Minister urges people to introspect and come
forward to pay Income taxes due on them to build
an AtmaNirbharBharat**

**With the launch of the Tax Charter, taxpayer is
assured of fair, courteous and rational behavior :
PM**

**Faceless appeal will be available across the
country from 25th September i.e. Deen Dayal
Upadhyay's Birth Anniversary : PM**

“Banking the Unbanked, Securing the Unsecured,

Funding the Unfunded and Honoring the Honest” - Focus of the Government : PM

Emphasis is on making every law and policy People Centric and Public Friendly rather than Power Centric : PM

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Prime Minister Shri Narendra Modi launched a platform for “Transparent Taxation - Honouring the Honest” today through video conferencing.

Speaking on the occasion he said that the process of Structural Reforms in the country has reached new heights today. The Prime Minister said the platform of “Transparent Taxation - Honouring the Honest, has been launched to meet the requirements of the 21st century taxation system. He elaborated that the platform has major reforms like Faceless Assessment, Faceless Appeal and Taxpayers Charter.

He said that Faceless Assessment and Taxpayers Charter have come into force from today while the facility of faceless appeal will be available for citizens across the country from 25th September i.e. Deen Dayal Upadhyay's birth anniversary. The new platform apart from being faceless is also aimed at boosting the confidence of the taxpayer and making him/her fearless.

The PM said that the focus of the Government in the last six years has been “Banking the Unbanked, Securing the Unsecured and Funding the Unfunded” and that the platform of “Honouring the Honest” is in the similar direction.

The Prime Minister praised the role of honest taxpayers in nation building and said that making the lives of such taxpayers easy is the responsibility of the government. “When the life of an honest taxpayer of the country becomes easy, he moves forward and develops, then the country also develops and leaps forward,” PM added.

The Prime Minister said the new facilities launched today are a part of the Government's resolve to provide maximum governance with minimum government. He said that every rule, law and policy are made with an emphasis of them being people centric, public friendly rather than power centric. He said that the use of the new governance model is yielding good results.

The Prime Minister said that an atmosphere is being created where primacy is being given to duty to execute all works. This is the result not because of force and fear of punishment but because of an understanding of the holistic approach that is being adopted. He said the reforms being launched by the Government are not in piecemeal but those aimed at delivering results with holistic perspective.

The Prime Minister said the country's tax structure needed fundamental reforms as the earlier tax structure was developed from the one created during pre-independent times. Even the several changes made during the post-independent times did not alter its fundamental character, he said.

The Prime Minister said that the complexity of the earlier system made it difficult to conform.

He said that simplified laws and procedures make it easy to comply. One such example is the GST, he said, which replaced dozens of taxes.

The Prime Minister said that the latest laws reduced the legal burden in the tax system where now the limit of filing cases in the High Court has been fixed at up to 1 crore rupees and up to 2 crores for filing in the Supreme Court. Initiatives like the 'Vivaad Se Vishwas' Scheme pave the way for most of the cases to be settled out of court.

Prime Minister said that the tax slabs have also been rationalised as a part of the ongoing reforms where there is zero tax upto an income of 5 lakh rupees, while the tax rate has reduced in the remaining slabs too. He said India is one of the countries with lowest Corporate Tax in the World.

The PM said the ongoing reforms aim at making the tax system Seamless, Painless, Faceless. He said the Seamless system works to resolve the problems of a taxpayer instead of entangling him further. By being Painless he said, everything from technology to rules should be simple. Referring to the Faceless system he said there is no need for a direct contact between the Taxpayer and the Income Tax Officer in all matters of scrutiny, notice, survey or assessment.

Referring to the launch of Taxpayers Charter, the Prime Minister said that it is a significant step where the taxpayer is now assured of fair, courteous and rational behavior. He said the charter takes care of maintaining the dignity and sensitivity of the taxpayer and that is based on a trust factor and that the assessee cannot be merely doubted without a basis.

Referring to the reduction of the scrutiny of the cases by at least four times in the last six years from 0.94% in 2012-13 to 0.26% in 2018-19, Prime Minister said this itself is a reflection of the trust that the Government is laying on the returnees. He said in the last 6 years, India has seen a new model of governance evolving in tax administration. Amidst all these efforts, he said the number of people filing income tax returns has increased by about 2.5 crores in the last 6-7 years.

The Prime Minister however said that it can also not be denied that only 1.5 Crore people pay the taxes in a country of 130 crores. Shri Modi urged people to introspect themselves and come forward to pay the taxes due.

The Prime Minister said this would help in the making of a Self - Reliant India, AtmaNirbharBharat.

VRRK/AK

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Transparent Taxation - Honoring the Honest

Hon'ble Prime Minister Shri Narendra Modi will be launching on Thursday, the 13th August 2020 a platform for “**Transparent Taxation - Honoring the Honest**” aimed at bringing about major reforms in tax administration. The event will be witnessed by various Chambers of Commerce, Trade Associations, Chartered Accountants' associations as also eminent taxpayers, apart from the officials of Income Tax Department. Union Minister of Finance and Corporate Affairs, Shrimati Nirmala Sitharaman and Minister of State for Finance and Corporate Affairs, Shri Anurag Singh Thakur will also be gracing the occasion.

The Income Tax Department has carried out several major tax reforms in the recent years. Last year the Corporate tax rates were reduced from 30 percent to 22 percent and for new manufacturing units the rate was reduced to 15 percent. Dividend distribution Tax was also abolished. Not only has the focus been on reduction in tax rates but also on simplification of direct tax laws. Several initiatives have been taken by the IT Department for bringing in efficiency and transparency in the functioning of the Department. This includes bringing more transparency in official communication through the newly introduced Document Identification Number (DIN) wherein every communication of the Department would carry a computer generated unique document identification number. Similarly, to increase the ease of compliance for taxpayers, IT Department has moved forward with prefilling of income tax returns to make compliance more convenient for individual taxpayers.

With a view to provide for resolution of pending tax disputes the Income Tax Department also brought out the Direct Tax Vivad se Vishwas Act, 2020 under which declarations for settling disputes are being filed currently. To effectively reduce taxpayer grievances / litigation, the monetary thresholds for filing of departmental appeals in various appellate Courts have been raised. IT Department has also undertaken several measures to promote digital transactions and electronic modes of payment. The IT department has also provided relief to taxpayers during the Covid times by extending statutory timeliness for filing returns as also releasing refunds expeditiously to increase liquidity in the hands of taxpayers.

The upcoming launch on Tax Reforms by the Prime Minister will further carry forward the tax reforms in the following areas:.

I. Faceless Assessment Scheme – All income tax assessments or scrutiny proceedings except cases of serious frauds, money laundering, cases will be done in faceless manner without any physical interface. Therefore, henceforth, any notice

or communication pertaining to assessment or scrutiny proceedings received from any Income-tax Authorities other than National e-Assessment Centre (NeAC) would be considered as void or *non-est* and the taxpayer is not required to comply with any such communication or respond to the same.

The new Faceless Assessment Scheme abolishes age old territorial system of tax administration and assessment. It provides for assessment by randomly chosen virtual teams with dynamic jurisdiction. Assessment is completed through a coordinated effort of various teams viz. Assessment unit, Verification unit, Technical unit and Review unit. The taxpayer is not required at any stage to appear either personally or through authorised representative before any income-tax authority. All communications between the NeAC and the taxpayer are exchanged exclusively through electronic mode. NeAC will randomly assign a case picked up for scrutiny to any assessment unit located anywhere in the country regardless of location of the taxpayer. The Scheme provides for a dynamic jurisdiction under which a taxpayer can be assessed by an officer located anywhere in the country irrespective of his geographical location. Hence, for example, a taxpayer located in Mumbai may be assessed by an assessment unit located in Chennai and verified at Delhi and reviewed at Hyderabad. The Scheme provides for a completely faceless assessment procedure, which is perhaps the first of its kind in the world's taxation system. Due to its faceless nature, the Scheme will minimise any personal discretion or bias.

II. Taxpayers' Charter – The Prime Minister will also launch a 'Taxpayer's Charter'. The Charter reflects certain principal commitments of the Income Tax Department towards the taxpayer. With its adoption, India joins other major economies in the world like USA, UK, Canada and Australia which too have adopted and published Charter as a gesture of their commitment towards their taxpayers. The Charter will go a long way in strengthening the trust between the taxpayer and the tax administration. It will also help in enhancing the efficiency of the delivery system of the Income Tax Department.

III. Faceless Appeal – Faceless Appeal Scheme shall be implemented from the birth anniversary of Pandit Deen Dayal Upadhyaya i.e. 25th September, 2020. The Scheme will provide a fully faceless procedure for appeals to Commissioner (Appeals) under the Income-tax Act. Like the Faceless Assessment Scheme, it will allow the taxpayers to file their appeals in an electronic mode and thereby save them from the hassles of physically visiting the Income Tax Department. Under this system, the appeal will be heard and disposed by remotely located virtual teams of

Commissioners (Appeal). Like faceless assessment, the faceless Scheme too will minimise any bias or subjectivity.

IV. Limiting the intrusive powers of territorial officers to visit business premises- The territorial formations of the Income Tax Department shall no more be permitted to carry out any intrusive action such as surprise visits to the business premises of taxpayers. Intrusive action where specific information on tax evasion is available with the department will be taken only by the TDS Wing or the Directorate of Investigation. Any Survey or visits conducted by any other Income-tax authority barring the above shall be considered as void or illegal.

Other Recent Reforms to attract investments in India

Besides the above measures it may be recalled that earlier the Government had taken a number of measure to reduce tax rates and simplified direct tax laws to facilitate ease of doing business and instil trust in the taxpayers. These measures included -

Reduction in Corporate Tax - Starting from the Finance Act, 2016, the corporate tax rates have been gradually reduced while phasing out the exemptions and incentives available to the corporate. In furtherance of this policy, through Taxation Laws (Amendment) Act, 2019, an option has been provided to the corporate to pay tax at concessional rate of 22% (plus applicable surcharge and cess) if they do not avail any exemption or incentive. Further, new domestic manufacturing companies (set up after 1st October, 2019 and starting manufacture on or before 31st March, 2023) has been provided an option for paying tax at 15% (plus applicable surcharge and cess) without claiming specified exemption and incentive. Further, such companies are not required to pay MAT as well.

Personal Income Tax - Further, in order to reform personal income tax, Finance Act, 2020 has provided an option to individual taxpayers for paying income-tax at lower slab rates if they do not avail specified exemption and incentive. Apart from the above, Finance Act, 2020 has also provided an option to the co-operatives to pay taxes at concessional rates without claiming any specified deduction or incentive.

Attracting Foreign Investment - In addition to structural changes being undertaken in the procedures adopted by the Income-tax Department, recently, several legislative amendments have also been carried out in order to attract foreign investment. Some of the measures taken in this regard by Finance Act, 2020 are as under:

(a) ***Abolition of Dividend Distribution Tax (DDT)***: In order to increase the attractiveness of the Indian Equity Market and to provide relief to a large class of investors in whose case dividend income is taxable at the rate lower than the rate of DDT, the Finance Act, 2020 abolished the DDT. In case of a foreign investor, any tax deducted on the dividend can now be availed as credit. Further, such investors can also opt for treaty benefit if such investors are the residents of a country having a Double Taxation Avoidance Agreement (DTAA) with India.

(b) ***Exemption to Sovereign Wealth Fund (SWF)/ Pension Funds***: In order to promote investment of notified Sovereign Wealth Fund (SWF) and notified Pension funds, the interest, dividend and capital gains income of such funds has been exempted from Income-tax subject to fulfilment of certain conditions in respect of investment made in the infrastructure sector. Further to broaden the scope of investment undertaken by these funds, the list of infrastructure has been aligned with the Harmonised Master List of Infrastructure.

(c) ***Incentive for Offshore Borrowing***: The concessional rate of TDS at 5% on interest paid to non-residents on foreign borrowings/bonds and on interest paid to Foreign Institutional Investors (FII) and Qualified Foreign Investors (QFI) specified securities/bonds has been extended to 30th June 2023. Moreover, the concessional rate of TDS has been further reduced to 4% on interest payable in respect of specified bond listed on International Financial Services Centre (IFSC) Stock Exchange.

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PM Modi Launches
**A PLATFORM FOR
TRANSPARENT
TAXATION -
HONORING THE
HONEST**



#HonoringTheHonest



FACELESS ASSESSMENTS

FACELESS APPEALS

TAXPAYERS' CHARTER



Any assessment, other than exception,
outside Faceless Scheme will be invalid



No intrusive and survey actions by field
officers – Only Investigation wing and
TDS wing can after approval by officer of
the level of Chief Commissioner or above

Date: 13th August, 2020



FEATURES



Appeals to be randomly allotted to any officer in the country



The identity of officers deciding appeal will remain unknown



No need to visit the officer/office



The appellate decision will be Team-Based & reviewed

EXCEPTIONS

CASES RELATING TO:

- Serious frauds, Major Tax Evasion, Sensitive & Search matters
- International tax
- Black Money Act & Benami Property



Faceless Appeals

TRUST, TRANSPARENCY & TAX

Faceless Appeal Scheme will be implemented
from 25th September

TOTAL TRANSPARENCY



#HonoringTheHonest

Date: 13th August, 2020



Taxpayer's Charter

TRUST, TRANSPARENCY & TAX

1/2

I TRUST MY GOV



#HonoringTheHonest

COMMITMENT TO TAXPAYERS

- To provide **fair, courteous, and reasonable** treatment
- Treat taxpayer as **honest**
- To provide **mechanism for appeal and review**
- To provide **complete and accurate information**
- To provide **timely decisions**
- To collect the **correct amount of tax**
- To respect **privacy of taxpayers**
- To maintain **confidentiality**
- To hold its authorities **accountable**
- To enable **representative of choice**
- To provide **mechanism to lodge complaint**
- To provide a **fair & just system**
- To publish **service standards & report periodically**
- To reduce **cost of compliance**



Date: 13th August, 2020



Faceless Assessment

A NEW ERA OF TRUST, TRANSPARENCY & TAX

T FOR TRUST!



#HonoringTheHonest

FEATURES



Selection only through system using data analytics & AI



Abolition of territorial jurisdiction



Automated random allocation of cases



Central issuance of notices with Document Identification No. (DIN)



No physical interface, No need to visit income tax office



Team-based assessments and Team-based review

Draft assessment order in one city, review in another city & finalisation in third city

EXCEPTIONS

CASES RELATING TO:

- Serious frauds, Major Tax Evasion, Sensitive & Search matters
- International tax
- Black Money Act & Benami Property





Direct Tax Reforms
**REDUCTION IN
TAX RATES &
SIMPLIFICATION
OF DIRECT TAX
LAWS**

SIMPLE HAI!



#HonoringTheHonest

Corporate Tax: Taxation Laws (Amendment) Act, 2019



Corporates to pay tax at concessional rate of 22%



Corporate tax for new manufacturing companies (set up after Oct. 2019) reduced to 15%

No MAT applicable to such companies

Personal Income Tax: Finance Act, 2020



Individual taxpayers to pay income-tax at lower slab rates if they do not avail specified exemption & incentive



Co-operatives to pay taxes at concessional rates without claiming any specified deduction or incentive

Abolition of Dividend Distribution Tax (DDT)



Finance Act, 2020 removed DDT with effect from 01.04.2020. Dividend income to be taxed only in the hands of the recipients



Proposed Measures for Widening of Tax Base

ENSURING BETTER COMPLIANCE & TRANSPARENCY

NO TAXPAYER
LEFT BEHIND!



#HonoringTheHonest

Expansion of scope of Reporting of Transactions (SFT):



Payment of educational
fee /donations above
₹1 lakh p.a.



Electricity
consumption above
₹1 lakh p.a.



Domestic business
class air travel/foreign
travel



Payment to hotels
above ₹20,000



Purchase of jewellery,
white goods, painting,
marble, etc. above ₹1 lakh



Deposit/credits in
current account
above ₹50 lakh



Deposit/credits in
non-current account
above ₹25 lakh



Payment of
property tax above
₹20,000 p.a.



Life Insurance
premium above
₹50,000



Health insurance
premium above
₹20,000



Share transactions /
D-MAT accounts/Bank
lockers

- Deduction/collection of tax at higher rates for non-filers of return
- Compulsory Filing of return by the person having bank transactions above ₹30 lakh, all professionals, businesses having turnover above ₹50 lakh, payment of rent above ₹40,000



Direct Tax Reforms

EASE OF COMPLIANCE FOR TAXPAYERS

TAXES WERE NEVER
So EASY!



#HonoringTheHonest

Faceless E-assessment Scheme



The E-assessment Scheme, 2019 eliminates

- Interface between the Assessing Officer and the assessee
- Optimising use of resources through functional specialisation
- Introducing the team-based assessment

Document Identification Number (DIN)



- Every communication of the department issued from 1st Oct, 2019 mandatory to have computer-generated unique DIN

Pre-Filing of Income-Tax Returns



- ITR form now contains pre-filled details of certain incomes

Simplification of compliance norms for Start-ups



- Hassle-free assessment procedure, exemptions from Angel-tax, constitution of dedicated start-up cell

Simplification of compliance norms for Start-ups



- Threshold for launching prosecution increased
- System of collegium of senior officers for sanction of prosecution introduced
- Norm for compounding relaxed



Widening the Tax Base

**ENSURING
BETTER
COMPLIANCE &
TRANSPARENCY**

MORE TAX COMPLIANCE,
MORE PROGRESS



#HonoringTheHonest

Deduction/collection of tax (TDS/TCS) on new transactions:



TDS on Cash withdrawal above ₹1 crore (20 lakh for Non-filers)

- TCS on motor vehicle above ₹10 Lakh



TCS on Foreign remittance under LRS above ₹7.5 lakh/ overseas tour packages



TDS on e-commerce suppliers & TCS on purchase of goods above ₹50 Lakh

Expansion of scope of Reporting of transactions (SFT):



Cash deposit/withdrawal of ₹50 lakh or more in current account



Cash Deposit of ₹10 lakh or more in non-current account



Sale of foreign exchange above ₹10 lakh



The reporting of transactions of mutual funds, credit card transactions, immovable property, etc. rationalised

Compulsory Filing of return:



Deposit above Rs. 1 crore in current account, Expenditure of ₹2 lakh on foreign travel & electricity consumption above ₹1 lakh